

# Electricity Cost Relief

**Purpose:**

The State of Alaska will grant funds to all electric utilities statewide to reduce the cost of electric service for the year.

**Grant Computation:**

Each electric utility will be granted an amount equal to their total 2007 energy usage for each rate class times 60% of the Base Electric Rate.

**Program Amount:**

Total Electric Usage Statewide	5,718,000,000 kWh
Weighted Average \$/kWh	\$0.13824
State Payment Percentage	60 %
<hr/>	
Total Infusion to Reduce Energy Costs	\$475,000,000

**Conservation Incentive:**

To encourage conservation, a year-end 1% kicker will be granted to the utility, for capital energy projects, for each 1% of conservation reduction as shown through a reduction from 2007 kWh sales to 2008 kWh sales.

**Condition of Grants:**

As a condition of grant participation, the electric utilities must agree to pass the entire value of the grant onto the rate payers.

**Beneficiaries:**

All residential and commercial purchasers of electricity from Alaskan utilities, including schools, local/state/federal governments, and businesses. Approximately 90% of all Alaskans get their electricity from utilities that will benefit from this program.

# Energy Debit Card

**Purpose:**

The State of Alaska to issue energy debit cards to each adult Permanent Fund Dividend (PFD) recipient to help reduce the cost of energy to Alaskans.

**Debit Card Amount:**

Each energy debit card account will be credited at \$100 per month per PFD recipient. A child's energy credit will accrue to the card of the child's PFD sponsor.

The total program amount:

PFD Recipients in Alaska	608,000
<u>Amount (\$100/month) x 12 months</u>	<u>\$1,200</u>
Total Infusion to reduce Energy Costs	\$729,600,000

**Tax Status:**

The energy debit card benefit is taxable as personal income for federal income tax purposes. Activation of an energy debit card will serve as recognition the benefit is accepted as personal income, and will trigger a Form 1099 for taxation purposes.

**Energy Use:**

An energy debit card can only be used for energy purchases from authorized energy vendors in Alaska, such as electric utilities, natural gas utilities, heating oil distributors, gas stations, and other retail fueling stations.

**Beneficiaries:**

All PFD recipients that activate their Energy debit cards.

# Regional Energy Cost Comparison

## Annual Household Energy Costs

### ■ Anchorage (gas) Oct 2007 May 2008

Electric	\$ 989	\$ 1,117
Heating	\$ 851	\$ 834
<u>Transport</u>	<u>\$2,211</u>	<u>\$ 3,474</u>
Total Energy	\$4,051	\$ 5,425

% of Household Income 7.3 % 9.8 %

### ■ Fairbanks (diesel)

Electric	\$1,311	\$ 1,534
Heating	\$2,807	\$ 4,027
<u>Transport</u>	<u>\$2,235</u>	<u>\$ 3,521</u>
Total Energy	\$6,353	\$ 9,082

% of Household Income 15.7 % 22.4 %

Source: Alaska Energy Authority



# Regional Energy Cost Comparison

## Annual Household Energy Costs

	Oct 2007	May 2008
■ Southeast (hydro)		
Electric	\$1,259	\$ 1,259
Heating	\$2,008	\$ 2,881
Transport	\$1,349	\$ 1,832
Total Energy	\$4,617	\$ 5,972
% of Household Income	10.7 %	13.8 %
■ Rural (diesel)		
Electric	\$1,235	\$ 1,753
Heating	\$5,187	\$ 6,596
Transport	\$1,430	\$ 1,941
Total Energy	\$7,852	\$ 10,291
% of Household Income	30.6 %	40.2 %

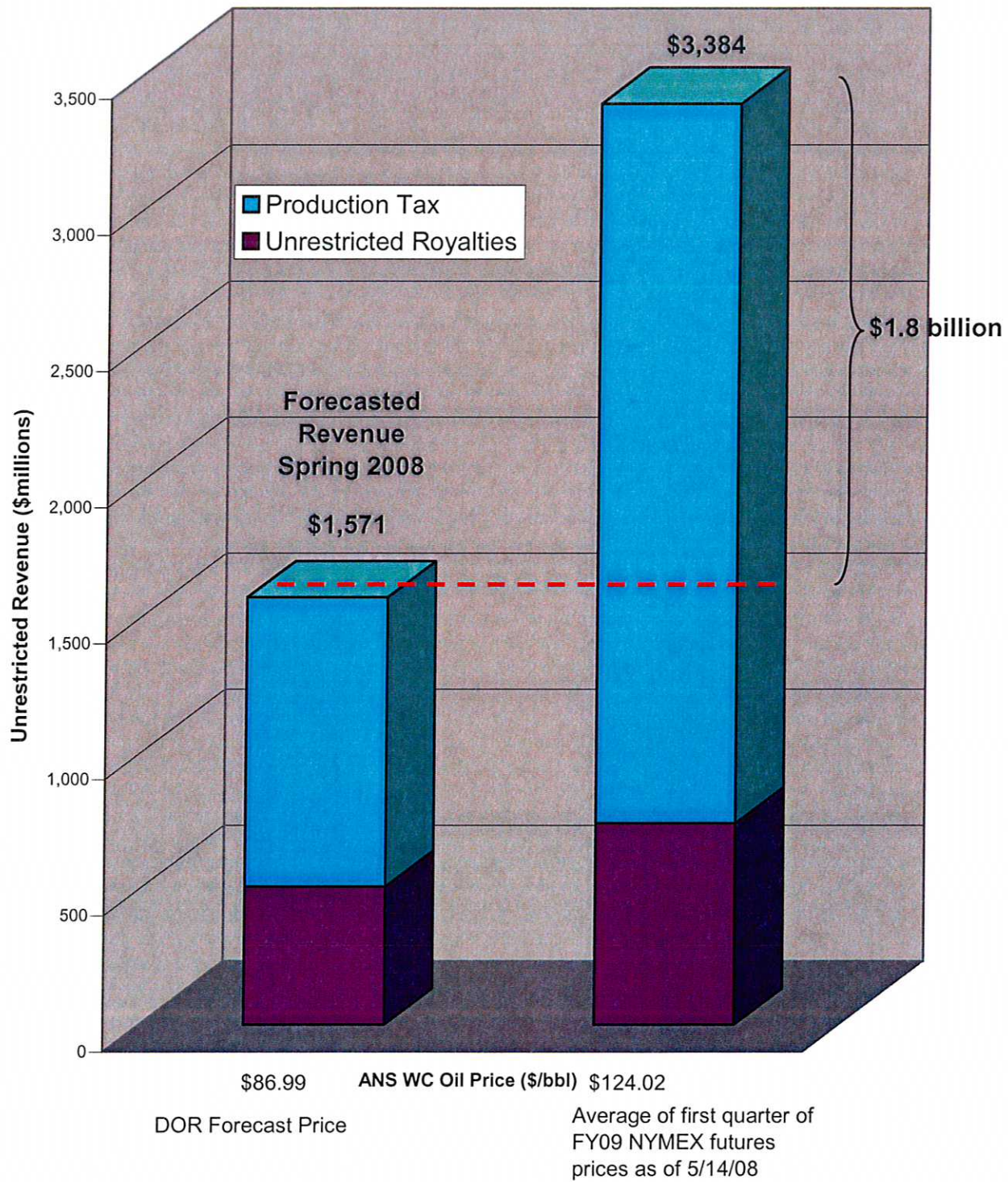
Source: Alaska Energy Authority



# 1st Quarter FY 2009

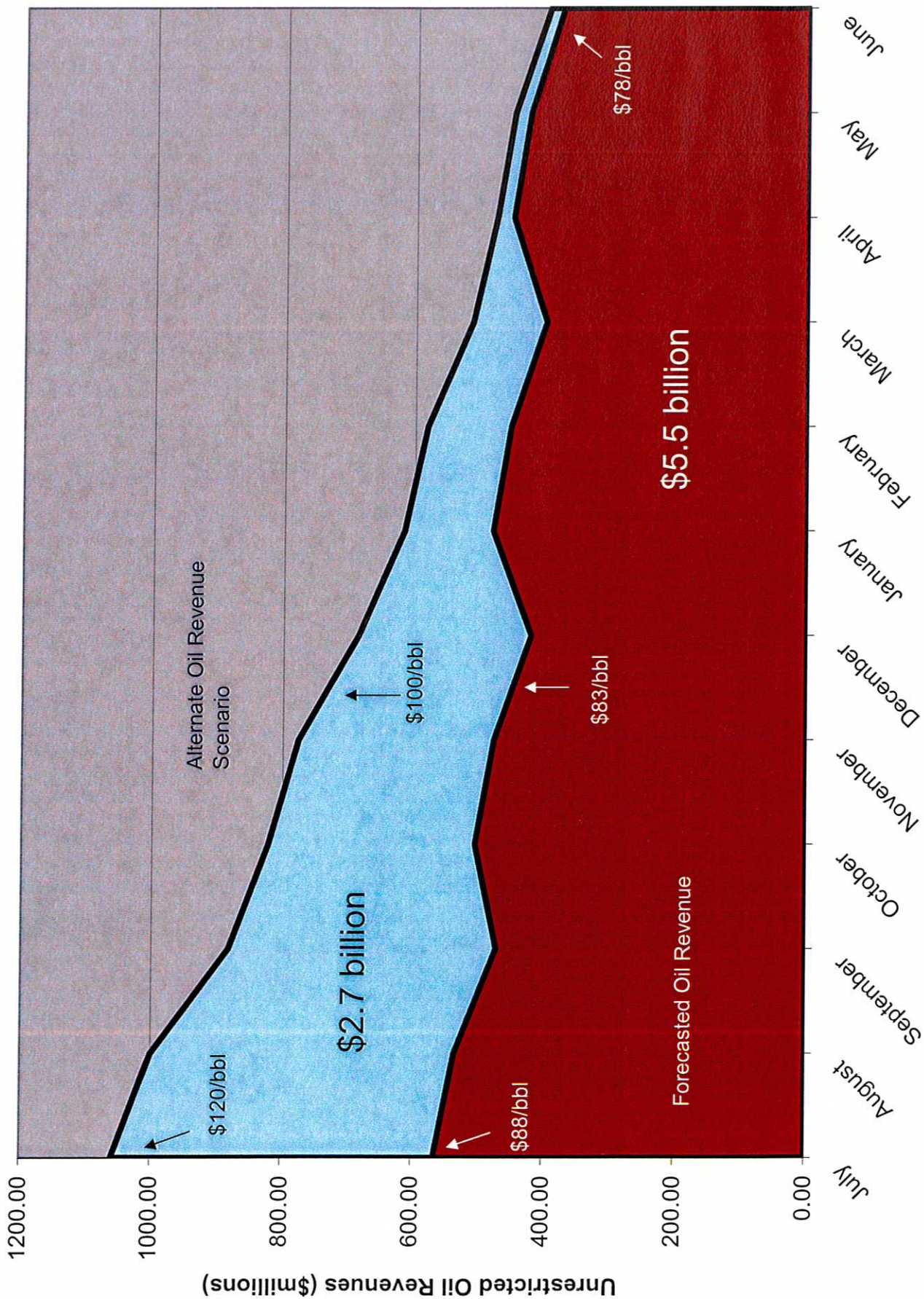
## Comparison of DOR Forecast and NYMEX Futures Prices

### Unrestricted Oil Revenues (in \$millions)





FY 2009 Forecasted Oil Revenue and Alternate Oil Revenue Scenario



Fiscal Year 2009